GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2145
ANSWERED ON:11.08.2006
INTEREST RATES ON EDUCATION LOAN
Barad Shri Jashubhai Dhanabhai

Will the Minister of FINANCE be pleased to state:

(a) the details of interest rates that are being charged by various Banks and financial institutions for education purposes ;

(b) whether the Planning Commission expressed its opinion to slash the interest rates on educational loans to make them more affordable;

(c) if so, the details thereof ;

(d) whether the Planning Commission has also proposed to give Income Tax relief on such borrowings; and

(e) if so, the steps being taken by the Union Government in this regard ?

Answer

(MINISILER OF STATE IN THE MINISTRY OF FINANCE) (SHRI PA WAN KUMAR BANSAL)

(a) : As per the revised Model Education Loan Scheme circulated by Indian Banks` Association(IBA) to Scheduled Commercial Banks ir the year 2004, the interest rates to be charged by banks on Education loans are as under:

(i) Up to Rs.4 lacs - Benchmark Prime Lendling Rate(BPLR)

(ii)Above Rs.4 lacs - BPLR + 1 per cent.

(b), (c), (d) & (Â«) : In a meeting held in December 2003 in the Planning Commission, the prevailing Education Loan Scheme was discussed. Issues discussed, inter-alia, included, review of the interest rates for education loans. So far as income tax rebate is concerned, Section 80E of the Income Tax Act provides for a d<;duction in respect of repayment of loan taken for higher education for genuine and recognized courses.